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Next 1 Page(s) In Document Denied

The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

16 January 1987

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: John J. Bird  
National Intelligence Officer for Warning

SUBJECT: Monthly Warning Reports for December 1986

1. Summary of Key Warning Issues:

Saudi Arabia

Although in the near term King Fahd has a grip on events, we are concerned about the degree to which he may be operating more autocratically. Without traditional consultations with other members of the royal family, he is more likely to make a serious miscalculation and to be blamed personally for Saudi problems. He can be discredited by US actions that are perceived to be "anti-Arab" or represent a weak US commitment, thereby jeopardizing his domestic position.

India/Pakistan

Even though the current Indian exercises are most likely not a cover for war, the deployment of forces, nevertheless, is so large and so close to the Pakistan border that such an option cannot be ruled out. In light of the long standing tensions between the two countries, Indian concerns over Pakistani nuclear developments, and Indian allegations of Pakistani backing for Sikh extremists, this type exercise could be used as a cover. In the unlikely event that India did commence hostilities, we would probably have little additional warning.

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### Zimbabwe

It is anticipated that Moscow and Harare will finalize an arms supply agreement during the next few months, and that deliveries will begin soon thereafter. If the agreement includes sophisticated equipment then a Soviet advisory group may be established in Zimbabwe.

### Romania

Growing political instability is evidenced in protests that seem to be increasing in frequency and boldness, as workers' groups have reacted against severe food and energy shortages or relentless regime pressure in the form of 7-day work weeks and pay cuts. Further public unrest might touch off a 'brush fire' of mutually reinforcing protest actions, perhaps involving violent confrontation, that could strain if not overwhelm the regime's security forces. Such a brush fire could spread rapidly from isolated incidents to a full scale crisis--without much intelligence warning.

### India - Terrorism

The likelihood of more spectacular acts of terrorism outside the Punjab could increase if Indian security initiatives are successful in shutting down extremist activities in the region. The possibility increases especially if the surface-to-air missiles missing from Pakistani arsenals are in the hands of Sikh terrorists. Moreover, the risk of communal violence and the threat to Indian officials from Sikh terrorists remain high.

### Spain - Basque Terrorism

There is increasing concern over the ability of ETA to mount a successful terrorist campaign in Spain. Basque terrorism poses a threat to the efforts of the government to build strong democratic institutions. There is also increased concern over ETA linkages with Central American terrorist and narcotics traffickers.

### COCOM

Although generally satisfied with existing relations, our COCOM partners are likely to resist new US initiatives to broaden COCOM's scope and tighten procedures. They are apparently willing to compromise, particularly if the US shows signs of flexibility on computer export restrictions. At the same time, growing Soviet efforts to press Comecon partners for new scientific and technological acquisitions suggest the need for even greater vigilance over technology transfer.

## 2. Trend Commentary:

Nicaragua

Managua is likely to continue its efforts to intimidate Honduras and Costa Rica into accepting bilateral agreements that would cut off support for the insurgents or else risk an escalation of hostilities.

## 3. NIO/Warning notes these additional areas of continuing warning concern:

Iran/Iraq--The potential for sudden collapse of either government is out of proportion to actual or likely military results. Khomeini's death could trigger chaos especially if it occurred at a time of exceptionally numerous battlefield casualties.

Libya/US--Libya is in the process of converting C-130 aircraft into tankers and will acquire a mid-air refueling capability in the near future. This will enable the Libyan Air Force to operate at longer ranges and to intercept aircraft--especially commercial aircraft--farther from Libya.

Syria--Recent changes in the Syrian military reflect Assad's view that he is under special pressures. As the already bad economic situation deteriorates further--in tandem with Assad's worsening physical condition that could soon leave him incapacitated--the chances of a sudden change of government grow.

North Yemen/South Yemen--Growing internal disputes in Aden could erupt into violence, and exile groups in North Yemen might attempt to increase cross border operations; in the near future either or both could draw Moscow deeper into the situation.

Eastern Europe--Through much of Eastern Europe dissent--and its causes--is increasing; to varying degrees the present governments are under new pressures. A recent series of bombing attacks on government buildings throughout Czechoslovakia underscores growing public dissatisfaction with Prague's economic policies. Growing political and economic problems are making it increasingly difficult for Secretary Kadar to maintain effective Party leadership in Hungary. Polish blue collar workers, farmers and retirees will soon join others opposed to the government should price increases and wage freezes plus a possible currency devaluation go into effect as expected. Pressures seem greatest in Romania where the continuing debt and liquidity crises have caused economic prospects and the quality of life to become more dismal as fuel commodities, electricity, medical care, and basic foodstuffs become extremely scarce.

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Next 5 Page(s) In Document Denied